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**FISCAL IMPACT STATEMENT**

**LS 7266**

**BILL NUMBER:** HB 1789

**NOTE PREPARED:** Jan 9, 2007

**BILL AMENDED:**

**SUBJECT:** Audits of Nonlenders.

**FIRST AUTHOR:** Rep. Ruppel

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill provides that a person that: (1) is a nonlender; and (2) engages in certain consumer finance transactions; is exempt from costs or fees imposed by the Department of Financial Institutions for statutory investigations conducted by the Department.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The Department of Financial Institutions (DFI) would not receive reimbursement for examinations of nonlenders. In FY 2006 there were 14 examinations charged examination fees with revenues of \$4,583.

Under current law, a person pays for the reasonable costs of an investigation or an examination based on a schedule adopted by the DFI that are in excess of the filing fees most recently paid by the person. Also, under current law, a person must pay for the DFI to examine records that are located out of the state, either by providing access to the records at an in-state location or by paying expenses for DFI to review records at their location. The bill would exempt nonlenders from these costs or fees.

*Background:* The Division of Consumer Credit of the Department of Financial Institutions performs examinations of licensees and registrants for compliance with applicable statutes. There are 3,176 registered nonlenders and 1,874 branch locations as of December 2005. The Consumer Credit Fee Structure effective from July 1, 2006, to June 30, 2007, indicates that nonlenders pay no application fee, but do pay a volume fee of \$12 per \$100,000 of volume over the first \$100,000 for renewal. The nonlenders are charged all

reasonably incurred costs, and the exam fee is offset by current volume fees paid for renewal. In 2005, the Division completed 699 nonlender exams and in 2006 they completed 753 exams.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Financial Institutions.

**Local Agencies Affected:**

**Information Sources:** Mark Tarpey, 317-323-3961; Department of Financial Institutions Annual Report, December 31, 2005.

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